OPENING STATEMENT

THE HONORABLE RHYS S. HODGE
CHIEF JUSTICE OF THE VIRGIN ISLANDS

BUDGET FOR THE FISCAL YEAR 2027

OF

THE JUDICIAL BRANCH OF THE VIRGIN ISLANDS

BEFORE

THE COMMITTEE ON BUDGET, APPROPRIATION, AND FINANCE

THIRTY-SIXTH LEGISLATURE

JULY 9, 2026

****

Good morning, Senator Novelle E. Francis Jr., Chair, and Members of the Committee on Budget, Appropriations and Finance, other Members of the 36th Legislature present, Members of the Judiciary, Staff, and others present in the audience. I am Rhys S. Hodge, Chief Justice of the Virgin Islands. As head of the Judicial Branch of the Virgin Islands, I thank you for the opportunity to appear before this Committee to present and support the Fiscal Year 2027 budget request.

In support of today's presentation, I am privileged to have present with me the Honorable Jessica Gallivan, Presiding Judge of the Superior Court of the Virgin Islands; Regina Petersen, the Administrator of Courts; Paulette Rabsatt-Simmonds, Chief Financial Officer; and Koya Ottley, Human Resource Director. Appearing in

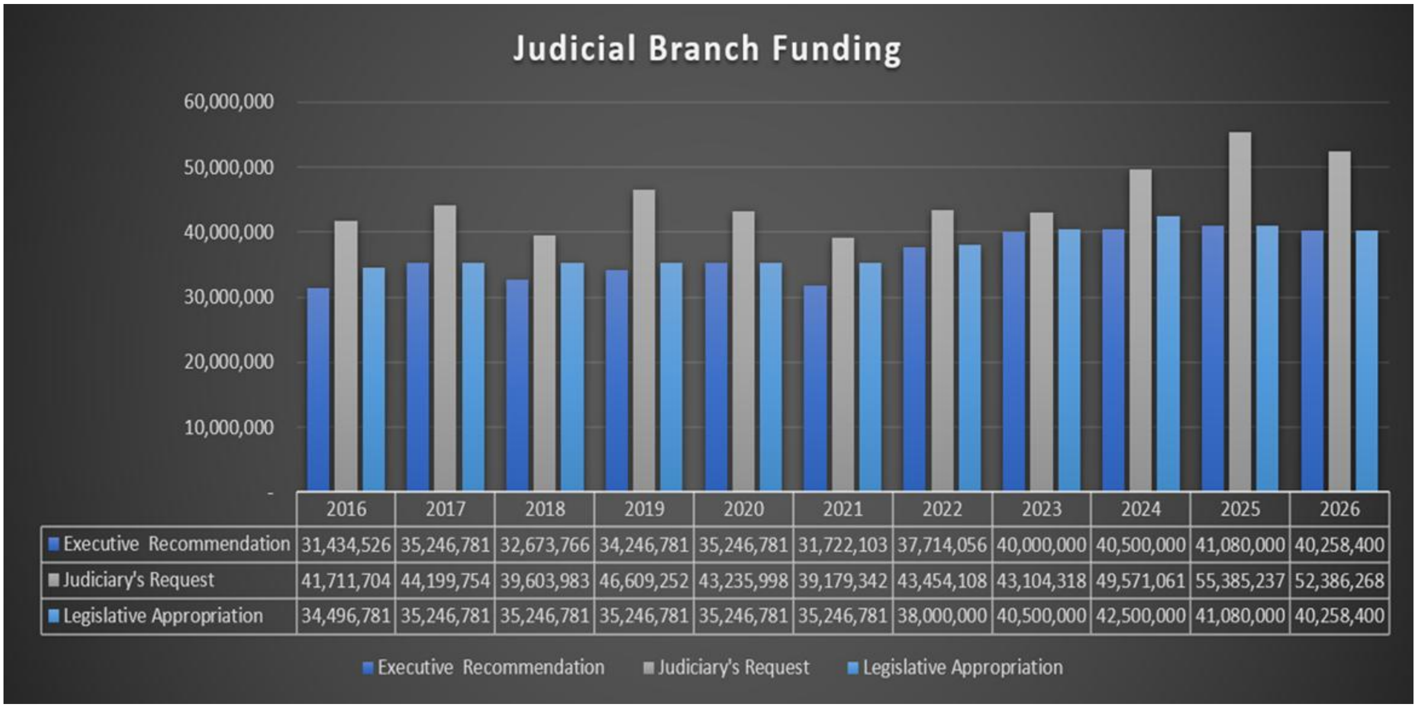
St. Croix are the Honorable Maria M. Cabret, Associate Justice of the Supreme Court; the Honorable Harold W. L. Willocks, Associate Justice of the Supreme Court; Attorney Dalila Patton, Clerk of the Supreme Court; Miguel Tricoche, Assistant Administrator of Courts; Lawrence Walcott, Chief Marshal; Tamara Charles, Clerk of the Superior Court; Kimlyn Etienne, Comptroller; Attorney Tanisha Bailey-Roka, Chief Disciplinary Counsel; and Attorney H. Hannibal O'Bryan, Chief Conflict Counsel, on behalf of the Office of Conflict Counsel. Other members of our leadership team include Mr. John Thompson, Chief Information Technology Officer, Mrs. Natalie Thomas-Pickering, Procurement Director and Ms. Daria Scott, Court Services Director who will participate remotely.

*****

Under Virgin Islands law, the Judicial Branch submits its fiscal year budget requests separately from the Executive Branch. Our law mandates this, as do the laws of the overwhelming majority of other states and territories, out of respect for separation of powers; recognizing that the Judicial Branch is a separate co-equal branch of the Government. Title 4, sections 4(c)(2) and 31(d)(4)(A) of the Virgin Islands Code requires that the Chief Justice assisted by the Administrator of Courts create the Judicial Branch's proposed budget and submit it to the President of the Legislature with a copy to the Governor on or before May 30th—the same date the Governor must submit the Executive Budget.

As required by law, the Judicial Branch submitted its Fiscal Year 2027 Budget Request directly to the Legislature by the May 30th statutory deadline, as has been done every year during my tenure as Chief Justice. The intent behind the statutory separate submission requirement was to treat the Chief Justice's proposed budget for the Judicial Branch the same as the Governor's proposed budget for the Executive Branch. The Chief Justice's proposed budget would serve as the baseline and be the one scrutinized by the Legislature and this Committee. Notably, title 2, section 253 of the Virgin Islands Code ultimately places the onus on the Legislature to set a balanced budget. The letter and spirit of title 4, sections 4(c)(2) and 31(d)(4)(A) and related laws, is for the Governor to have no formal role in the process for setting the Judicial Branch budget, besides exercising the right to sign or veto the bill ultimately passed by the Legislature that sets the Judicial Branch budget.

Nevertheless, the Executive Branch includes an arbitrary place-holder budget ceiling amount for the Judicial Branch in the Executive Branch Budget the Governor submits to the Legislature. Unfortunately for the Judiciary, the arbitrary ceiling amount is always much lower than the budget requested by the Judicial Branch and usually ends up being the amount appropriated to the judiciary. The graph below illustrates, for the last 10 years, the variance between the Judicial Branch's budget request, the recommended budget ceiling for the Judicial Branch included in the proposed Executive Budget, and the Legislature's actual appropriation.



This graph not only shows the variance between the actual Judicial Branch budget request and the recommendation of the Governor. It also shows a lack of significant variance between the Governor's recommended budget for the Judicial Branch and what the Legislature ultimately appropriates—in fact, those budget numbers for the last two fiscal years were completely identical. Moreover, for five consecutive fiscal years between 2017 and 2021 the Judicial Branch received the exact same appropriation of $35,246,781 each fiscal year despite submitting budget requests as high as $46,609,252 and while the general fund amount increased from $702,800.000 in FY 2016 to $924,198,794 in FY 2022, a 31.5% increase. This five-year period began in the immediate aftermath of administrative unification and includes both the aftermath of Hurricanes Irma and Maria as well as the worst times of the COVID-19 pandemic. It is not reasonable to conclude that the Judicial Branch only required the exact same appropriation, down to the very dollar, in each one of those significant five years when the general fund amount increased significantly every year and while every category of court and judicial branch operations increased annually.

The Judicial Branch and its dedicated leadership team put a significant effort into constructing the Judicial Branch's budget request. We come ready each year not just to present our requested budget, but to defend it—because this budget hearing represents the first and often only time for the Judicial Branch to advocate for its funding. And it is the Legislature, as the body wielding the power of the purse, that must ensure that the Judicial Branch receives the funding needed to meet its constitutional mandate—not more and certainly not less. We welcome oversight from this body because our budgetary requests are sound and rooted in neutral well-established principles that will withstand scrutiny.

The neutral principles that guide the Judicial Branch budgetary submission come from the Principles of Judicial Administration adopted over the years and refined and adopted by the National Center for State Courts in 2012. One of the most important principles is Principle 18, which provides that "Judicial Branch budget requests should be considered by legislative bodies as submitted by the Judicial

Branch." This principle is already codified in the Virgin Islands Code, 4 V.I.C. sec. 4(c)(2). But the Principles make clear that this power of direct submission to the Legislature comes with the corresponding responsibility to make budget requests based solely upon demonstrated need and to adopt performance standards and measures.

The Fiscal Year 2027 budget submission to the Legislature and Governor also includes the Annual Report for fiscal year 2025 and the written State of the Judiciary. These documents are also available on the Court's website at www.vicourts.org. Therefore, I will summarize the key metrics and not belabor this Committee with the court operation details already contained in the Annual Report. In this year's State of the Judiciary, I described the state of the Judiciary as "transitioning" due to the simultaneous and unprecedented change taking place with the turnover in branch leadership, judicial officers and senior staff; and continuing funding uncertainty. I noted that the next generation of Judicial Branch leaders will need to preserve what has been built, complete what remains unfinished, and ensure that the Judicial Branch is funded adequately to meet the needs of the people it exists to serve.

COURT CASE PERFORMANCE

Despite chronic underfunding and other challenges including the substandard condition of our facilities and high employee turnover, the courts' performance in major case types remains strong. In fiscal year 2025, 1,190 new cases were filed in the Civil Division of the Superior Court, and 1,955 cases were disposed of, for a 131% case clearance rate and an overall reduction of 8% in the pending civil caseload. Similarly, 690 new criminal matters were filed in the Criminal Division of the Superior Court, and 1,014 cases were resolved, for a case clearance rate of 147%, reducing the pending criminal caseload by 48%. As of May 31st, 302 new criminal cases have been filed and 542 criminal cases have been resolved, for a 37% reduction in the pending criminal caseload when compared to Fiscal Year 2025; and 689 new civil matters have been filed and 640 disposed for a 93% case clearance.

While the Family Division of the Superior Court experienced a 7% increase in the pending caseload by the close of fiscal year 2025, this increase was attributed primarily to the increased number of filings in the St. Thomas and St. John district. 582 new cases were filed (436 in STTJ and 146 in STX) and 536 matters were resolved (353 in STTJ and 175 in STX), for a case clearance across both districts of 92%. While the District of St. Croix experienced a 14% reduction in the pending caseload, the pending caseload in the St. Thomas and St. John increased by 15%. The highest ratio of filings to dispositions in the St. Thomas and St. John District occurred in primarily three areas, Juvenile Delinquency, Guardianship, and Involuntary Commitment cases. Specifically, new juvenile delinquency filings increased by 77% with an unprecedented 106 new juvenile matters filed, (91 in STTJ and 15 in STX), and 53 juvenile cases were resolved, (30 in STTJ, and 15 in STX).

64 new Guardianships were filed (42 in STTJ and 22 In STX) and 43 guardianship cases were resolved (28 STTJ and 15 in STX). 24 Involuntary Commitment cases were filed (11 in STTJ and 13 in STX) and 17 Involuntary Commitment cases were resolved (4 in STTJ and 13 in STX). As of May 31st, 239 new Family Division cases have been filed and 319 cases were closed, for a case clearance rate of 133% and a 9% reduction in the pending caseload.

As I mentioned in this year's State of the Judiciary, contained in the Annual Report, significant increases in new cases filed impact dispositions in already large pending caseloads. In Fiscal year 2025, filings in the Magistrate Division of the Superior Court increased by 35% when compared to last year. Excluding marriage licenses and traffic citations, 2,572 new cases were filed, and 1,980 cases were terminated for a clearance rate of 77%. It is important to note, however, that Small Claims filings increased by 37% from 452 in fiscal year 2024 to 618 in Fiscal Year 2025. Eviction Filings increased from 301 in Fiscal 2024 to 699 by the close of Fiscal year 2025. Also in fiscal year 2025, the number of new probate cases filed increased by 63%, from 293 in fiscal year 2024 to 479 new cases. Despite this increase, the Magistrate Division nonetheless achieved a 90% case clearance rate, successfully closing 432 probate cases. The pending probate caseload did however increase by 6% by the close of Fiscal Year 2025. Notably, as of May 31, 2026, 185 new probate cases have been filed and 268 were closed, for a case clearance rate of 144%, and a

13% reduction in the pending probate caseload.

We fully anticipate the positive caseload reduction trend to continue through FY 2026 year's end and beyond as new judges and magistrate judges settle into their positions. And to ensure this we have implemented significant additional case management process improvements to include the adoption of case disposition time standards and a case continuance policy, both of which took effect on July 1, 2026.

Regarding appeals and other matters filed in the Supreme Court of the Virgin Islands, in Fiscal Year 2025, 222 new appeals were filed (187 Civil and 7 Criminal and 28 original jurisdiction cases), and 89 appeals were resolved (34 Civil and 7 Criminal) and 48 matters proceeding under the Court's original jurisdiction. As of May 31st, there have been 111 new filings in the Supreme Court, 12 new civil appeals, 3 new criminal appeals and 96 original jurisdiction matters. 93 matters have been closed, 14 civil appeals, 1 criminal appeal and 78 original proceedings, for an overall clearance rate of 84%.

Additionally, in FY 2025 the Office of Bar Admissions processed 259 new applications for bar admission and completed 270 bar admission application cases, for a resulting 11% reduction in the applications pending admission.

With regard to disciplinary matters, a total of 35 new grievances were filed in FY 2025 (29 complaints against attorneys, 5 complaints against judicial officers, and

1 case of unauthorized practice of law). As of May 31st, 26 disciplinary cases have been closed (23 attorney misconduct complaints, and 3 judicial misconduct complaints).

FY 2027 BUDGET REQUEST

As previously indicated, a budgetary process that favors just the funding recommendations from the Executive Branch in the submission of a "balanced budget" is a significantly flawed approach that essentially prioritizes the need of executive branch entities over the needs of the Judiciary or even the Legislature for that matter. This is why as I deliver this, my last Budget Statement and testimony as head of the Judicial Branch, I must continue to advocate for a neutral funding principle for courts, which is predictable and commensurate with the state of the economy. This is achievable with a set percentage of the overall budget for the Territory, and I have consistently recommended at least 5% of the general fund amount so that the Judicial branch would receive a guaranteed proportional share of funding both when the economy is strong and equally so when it is weak. With a Fiscal Year 2027 proposed general fund budget amount of $958.2 million, 5% would result in a $47,910,000 budget ceiling for the judicial branch. The principal threat to the independence of the Judiciary remains gross underfunding and funding uncertainty.

For Fiscal Year 2027 the Judiciary requests the sum of $48,591,590 to fund its operations, along with a separate request of $144,743 for the Judicial Council, the entity which partially funds the staffing for the District Court law libraries, and a corrected request for funding in the amount of $1,527,872 for the Office of Conflict Counsel. Since the Office of Conflict Counsel was established, and pursuant to 5 V.I.C. sec. 3536, its operational Budget Request, as presented to the judiciary by the Chief Conflict Counsel, is separately included with the submission for the Judicial Branch, without impacting the appropriation for the Judicial Branch.

The Fiscal Year 2027 Budget Request for the Judicial Branch, in the amount of $48,591,590 includes: $25,468,953 for salaries; $11,827,806 for fringe benefits; $5,926,485 for other services and charges; $2,292,346 in projected capital expenditures; $1,926,000 for utilities; and $650,000 for supplies.

Judicial Branch of the Virgin Islands Expenditure Description	***Amount***	***%***
Personnel Services	*$ 25,468,953*	*52%*
Fringe Benefits	*11,827,806*	*24%*
Total Personnel Services	*$ 37,296,759*	*77%*
Other Personal Services	*$ 500,000*	*1%*
Capital Outlays	*2,292,346*	*5%*
Supplies	*650,000*	*1%*
Utility Services and Communications	*1,926,000*	*4%*
Other Services & Charges	*5,926,485*	*12%*
TOTAL PROPOSED BUDGET FY2027	***$ 48,591,590***	***100%***

The request to fund the Judicial Branch is conservative and reflects the minimum funding level needed to sustain efficient operations in Fiscal Year 2027. In this submission, the Judicial Branch initially identified 64 positions as To-Be-Filled. However, based on internal promotions, new hires and back-filled separations to date, the number of To-Be-Filled positions in FY 2027 is adjusted to 59, a number we continue to reconcile against ongoing recruitment and hiring efforts through fiscal year end. Consequently, our submission shows both the requested 50% pro-ration of vacancies and includes a column representing the full annual cost to carry those positions with fringe, especially with regard to positions which may be filled before the end of the current fiscal year or even early in the next fiscal year. The vacancies include 22 positions in the Office of the Virgin Islands Marshal (10 in STX and 11 in STTJ); 11 vacancies in the Office of Probation including 10 new positions (5 STTJ and 5 STX) as part of the consolidation of the Pre-trial Intervention Office and Office of Probation and establishment of an effective Pretrial Services Office; 9 vacancies in the Superior Court Clerk's Office; 12 vacancies within divisions in Administration; and 5 vacancies within the Supreme Court including 2 vacancies within the Office of Disciplinary Counsel.

Personnel Expenses

For the projected personnel expenses, the Judicial Branch requests $37, 296,759, which includes the 4% compensation scale adjustment requested in FY 26 totaling $922,982 but not funded and 59 positions identified as critical vacancies to be filled in Fiscal year 2027 at a 50% prorated cost of $2,953,446 with fringe. However, it is important to note that the full impact of carrying these positions once filled by FY 2028 will increase to $5.5 million for personnel and fringe. As of May 31, 2026, there are 309 filled positions (174 in STT/J and 135 in STX).

The Judiciary continues to experience relatively high employee turnover. A significant threat to continuity of operations remains the number of employees eligible for retirement and with that, the loss of institutional knowledge. 35 Judicial branch employees are eligible to retire in 2026, 23 are eligible for retirement in 2027 and 43 are eligible for retirement in 2028. Additionally, in the current employment market, and the fiscal constraints to offering competitive salaries, the predictive tenure of court employees hired since 2021 is just 4 years.

By the close of Fiscal Year 2025, 48 employees had separated from the Judiciary, and thus far in FY 2026, 35 employees have separated, 28 new employees have been hired, and 18 employees have been promoted. The Judiciary currently has 25 positions advertised, with 6 conditional offers extended to candidates awaiting the start date for the next Police Academy in the St. Thomas/St. John District.

The Judiciary completed a market review study of its compensation and classification system with experts from the National Center for State Courts in the first quarter of 2024. That study determined that the branch's compensation structure needed an initial 4% market adjustment. While we included that 4% adjustment in the Budget Requests for Fiscal Years 2025 and 2026, and again in the FY 2026 Supplemental Budget Request, which were not funded, the fact remains that by the time implementation becomes reality, the market disparity will be even greater than 4%.

Yet still, the Governor's Fiscal year 2027 Executive Budget includes funding projections to cover his April 20, 2026, Executive Order implementing a new Non-

Union Pay Plan and adjusting the salaries for non-union classified employees within the Executive Branch, effective October 1, 2026, and providing consecutive 5% step increases in 2027 and 2028 and beyond. This projection is included in the very same Budget that recommends that funding to the Judicial Branch remain unchanged at $40,258,400, a budgetary ceiling which I have informed this body for the past 2 budgetary cycles has been insufficient to implement the Judiciary's 4% market adjustment from 2024.

The Legislature disfavored standard 5% increases for judicial branch employees in prior years and recommended that the Branch conduct a compensation study. Not only did we invest limited government funds to conduct a compensation study, but our employees embraced it and actively participated in the position reviews. Our inability to implement the promised adjustments continues to be a source of grave disappointment and low morale. The market adjustment is overdue as the final step in adoption of the judiciary's compensation plan, but in light of the Executive Branch's plan for annual 5% increases, Judicial Branch employees deserve an additional 5% adjustment as well in Fiscal Year 2027 to maintain our workforce and begin to mitigate the compression caused by ACT No. 8995.

Additionally, with the confirmation of the Honorable Denise M. Francois to serve as the 5th Justice of the Supreme Court, the FY 2027 budget request also includes all costs associated with this expansion. However, and as experienced in 2024 with the nomination and confirmation of Justice Harold W. L. Willocks, the Judiciary had repeatedly informed the Legislature in our annual Budget requests and hearings that funding for the two additional chambers was never included in prior requests. Those costs were always represented as a line-item requiring legislative action to provide funding upon nomination by the Governor and confirmation by the Legislature. No additional funding was provided in FY 2024, and after absorbing the additional cost for expansion of the 4th Chamber in 2024, we are once again challenged with absorbing the cost of the 5th Justice of the Supreme Court effective May 28, 2026, to the detriment of other critical expenses. To date, the Legislature has taken no action on our request for supplemental funding submitted on March 19, 2026. To be clear, neither the nominations of the additional Justices to sit on the Supreme Court, nor the expeditious confirmations by the Legislature have ever been at issue. On the contrary, the judiciary welcomes and applauds the additions. The issue remains the financial impact of the unfunded personnel obligations within an already underfunded judicial system. The pro-rated cost to absorb staffing for the 5th chamber for the remainder of this Fiscal year 2026 is conservatively projected at $362,814.

CAPITAL PROJECT FUNDING

Principle 22 of the Principles for Judicial Administration referred to earlier provides that: “Responsible funding entities should ensure that courts have facilities that are safe, secure and accessible and which are designed, built and maintained according to adopted courthouse facilities guidelines”. The five years of fixed appropriations and other chronic underfunding have consistently resulted in deferred maintenance and postponed infrastructure equipment upgrades.

For Fiscal Year 2027, the Judiciary has requested $2,292,346 in capital outlays including $1,064,000 in equipment purchases and upgrades, and $1,218,346 in building improvements of which $550,000 is projected Furniture and Fixtures for the expansion offices at R.H. Amphlett Leader Justice Complex; approximately $400,000 in HVAC repairs and replacements at various court facilities; $150,000 to replace the pump manifold in the Alexander A. Farrelly Justice Complex basement which serves the entire complex including the Bureau of Corrections and the Virgin Islands Police Department; and approximately $100,000 in additional roof repairs to the Judge Verne A. Hodge Superior Courthouse.

Underfunding in the current fiscal year and the delayed funding releases, ultimately resulted in a 69-day work stoppage on the Phase II Roof Replacement and the Office Expansion project at the R. H. Amphlett Leader Justice Complex. At last year's budget hearing, I informed this body that the Judiciary had encumbered $4.3 million of an $8.4 million project and had expended $1.6 million by that point in July 2025. The FY 2026 request included $4.1 million necessary to complete Phase II. However, we did not receive sufficient funding within the reduced appropriated ceiling of $40,258,400 to absorb the cost of completing this project. Consequently, we submitted a supplemental budget request in the amount of $5.2 million wherein the original $4.1 million was adjusted to $2.8 million based on reductions in scope and the prioritized payment of several open invoices, totaling $1,761,801.54. I am happy to report that we successfully negotiated resumption of work effective June 29, 2026; however, the balance of the requested funding is still needed to fulfill our contractual obligations together with the costs of delay. While the Judiciary has received all outstanding allotments and operational draws which were due through June 30, 2026, the timeliness of the 4th quarter funding release and corresponding operational draw funds, any further action on pending FEMA reimbursement requests, and the Legislature's action on the Judiciary's supplemental request for funding for Fiscal Year 2026 will determine whether or not we will be able to complete this project or ultimately be forced to terminate the unfinished project. As of May 31st, outstanding obligations of the Judicial Branch totaled $2,928,974.04.

*****

JUDICIAL COUNCIL

With regard to the budget request for the Judicial Council, since our Fiscal Year 2023 Budget Presentation, we continue to inform this Committee of a shortfall in the appropriation to the Judicial Council which originated from the erroneous application of a 10% reduction in Fiscal Year 2020. This reduction against an appropriation which covers only the salaries of 2 law librarians, resulted in a reduced ceiling or funding base for Fiscal Year 2021 at $103,285. In fiscal year 2022, the Legislature increased the funding by 7% to $110,515, but that increase did not absorb implemented increases in GERS and Health Insurance. Every year since, there has been an operating deficit for the Judicial Council. We therefore request once again that the Legislature fund the full requested budget for Fiscal year 2027 for the Judicial Council in the sum of $144,743.

OFFICE OF CONFLICT COUNSEL

The Office of Conflict Counsel was established as an alternate public defenders' office to reduce case delays associated with meeting the Government of the Virgin Islands constitutional obligation to provide effective assistance of counsel to all indigent defendants as required by the Sixth Amendment to the United States Constitution.

Consistent with the mandates of Act 8960, Chief Conflict Counsel H. Hannibal O'Bryan with the assistance of the Administrative Office, prepared the FY 2027 Budget request in the amount of $1,527,872 to fully fund the operations of the Office of Conflict Council in Fiscal Year 2027. To date, the Judiciary has expended nearly $3 million in ARPA grant funding to establish the OCC with a final period of expenditure ending on 12/31/2026. Chief Conflict Counsel H. Hannibal O'Bryan will deliver a brief statement in support of the FY 2027 OCC Budget.

*****

In closing, I reiterate the Judicial Branch's budget request of $48,591,590 which includes funding for the fifth justice to the Supreme Court, plus the request of the Judicial Council of $144,743 to fund the salaries for the Law Librarians, and $1,527,872 for the Office of Conflict Counsel. I request that this Committee and the full Legislature give all three requests your thoughtful and favorable consideration.

Thank you for providing us the opportunity to testify in support of the Judicial Branch's budget request. And before closing, I once again take this opportunity to thank <u>all</u> of our dedicated, hard-working and exceptional employees who continue to meet and exceed the mandates of their jobs, in service to the Judicial Branch and to the people of the Virgin Islands. I especially want to recognize and congratulate our two employees of the year, Mrs. Deja Charles-

Cole, Human Capital Generalist in the St. Croix District and Mr. Derek Peets, Territorial Court Reporting Supervisor, whose duty station is in the St. Thomas/St. John District. Mrs. Charles-Cole is a dedicated Human Resources professional who consistently delivers results while supporting colleagues and internal customers across both the St. Croix and St. Thomas/St. John districts. Mr. Peets is a seasoned court professional with 36 years of continuous dedicated service to the Judiciary, who has championed innovation by spearheading the successful integration of courtroom technology and Qualified Electronic Reporters with our traditional court stenographers. We celebrate them both and commend their continued service to the Judiciary.

I, as well as members of our leadership team, and the Chief Conflict Counsel remain available to answer any questions you may have. Thank you.